

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2167

LISTED JUNE 1st, 1964

868,789 Class A common shares
without par value
Ticker abbreviation "CYG A"
Dial ticker number 1203
Post section 8.5

2,606,374 Class B common shares
without par value
Ticker abbreviation "CYG B"
Dial ticker number 1303
Post section 8.4

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CYGNUS CORPORATION LIMITED

Incorporated under the laws of Canada by

Letters Patent dated March 26, 1964

CAPITALIZATION AS AT APRIL 30, 1964

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Preferred shares of the par value \$20 each (issuable in series)	375,000	nil	nil
Class A common shares without nominal or par value	4,000,000	868,789	868,789
Class B common shares without nominal or par value	4,000,000	2,606,374	2,606,374

April 30, 1964.

1. APPLICATION

CYGNUS CORPORATION LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 868,789 Class A common shares without nominal or par value and 2,606,374 Class B common shares without nominal or par value in the stock of the Company, all of which have been issued and are outstanding as fully paid and non-assessable.

The Company was incorporated on March 26, 1964, under the laws of Canada as a subsidiary of United Oils, Limited to acquire all of the Class B shares without nominal or par value of Home Oil Company Limited owned by United Oils, Limited in exchange for the shares to be listed excepting seven Class B shares issued to incorporators.

3. NATURE OF BUSINESS

The Company has broad powers to engage in investment and other business operations. At present its only assets are 900,000 Class B shares of Home Oil Company Limited and all of the outstanding shares of Thio-Pet Chemicals Ltd., a subsidiary company. For details of the operations of the subsidiary company see Item 9 dealing with subsidiary companies. The Company employs no employees.

4. INCORPORATION

The Company was incorporated under the laws of Canada by Letters Patent dated March 26, 1964 with an authorized capital of 375,000 Preferred shares with a par value of \$20 each, issuable in series, and 4,000,000 Class A shares without nominal or par value and 4,000,000 Class B shares without nominal or par value.

5. SHARES ISSUED DURING PAST TEN YEARS

(a) SHARES WITHOUT NOMINAL OR PAR VALUE

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	CONSIDERATION RECEIVED	
CLASS B				
March 26, 1964	7	\$1.00	\$ 7	Incorporators shares.
April 9, 1964	2,606,367	3,738*	9,743,558*	As consideration for the acquisition from United Oils, Limited of 900,000 Class B shares without nominal or par value of Home Oil Company Limited.
CLASS A	868,789	3,738*	3,247,852*	

(b) PREFERRED SHARES

nil

*The amounts credited to the respective Class A and Class B capital stock accounts of the Company were determined on the basis of the average market price during the period October 10, 1963 to April 9, 1964 of Class B shares of Home Oil Company Limited received as consideration for the issuance of 868,789 Class A and 2,606,367 Class B shares of the Company.

6. STOCK PROVISIONS AND VOTING POWERS

THE RIGHTS, RESTRICTIONS, CONDITIONS AND LIMITATIONS ATTACHING TO THE CLASS "A" AND CLASS "B" SHARES AND THE PREFERRED SHARES ARE AS FOLLOWS.

The Class "A" and Class "B" Shares

- The rights of the holders of the Class A shares and the Class B shares respectively shall be subject to the prior rights and preferences attaching to the preferred shares.
- Subject as aforesaid, the holders of the Class A shares shall be entitled to receive out of the moneys of the Company properly applicable to the payment of dividends, if, as and when declared by the board of directors, fixed cumulative preferential dividends at the rate of ten cents (10¢) per share per annum payable annually on the first day of July in each year and no dividend shall at any time be declared or paid or set aside for payment upon the Class B shares until all cumulative preferential dividends on the Class A shares up to and including the dividend payable during the current calendar year shall have been declared and paid or set aside for payment.
- No dividends shall be paid on either the Class A shares or the Class B shares prior to the first day of July, 1965. Dividends on the Class A shares outstanding on the first day of January, 1965 shall commence on and shall be cumulative from the first day of July, 1965. Dividends on the Class A shares issued after the first day of January, 1965 shall commence on and shall be cumulative from

such date or dates, as in the case of each issue, may be determined by the board of directors or in case no such date be determined then on and from the first day of July after the date of allotment.

4. After all cumulative preferential dividends on the Class A shares up to and including the dividend payable during the current calendar year shall have been declared and paid or set aside for payment, the holders of the Class B shares shall be entitled before any further dividends are declared and paid or set apart for payment during such current calendar year on the Class A shares to receive out of the moneys of the Company properly applicable to the payment of dividends, if, as and when declared by the board of directors, a dividend for such current calendar year in such amount not exceeding ten cents (10¢) per share as the directors may determine, but such dividends on the Class B shares shall be non-cumulative, whether earned or not, and if in any calendar year the board of directors in its discretion shall not declare a dividend or shall not declare a dividend in the full amount of ten cents (10¢) per share on the Class B shares, then the right of the holders of the Class B shares to such dividend or to any greater dividend than the dividend actually declared for such calendar year shall be forever extinguished.
5. Whenever in any calendar year dividends aggregating ten cents (10¢) per share shall have been declared and paid or set apart for payment on all the Class A shares at the time outstanding and dividends aggregating ten cents (10¢) per share have been declared and paid or set apart for payment on all of the Class B shares at the time outstanding in accordance with the provisions of the preceding paragraphs hereof, any and all further dividends in such calendar year shall be declared and paid or set apart for payment in equal amounts per share on all the Class A shares and all the Class B shares at the time outstanding, share and share alike, without preference or priority of one share over another. For the purpose of this paragraph whenever the dividends declared and paid or set apart for payment in a calendar year on the Class A and Class B shares outstanding on the first day of such calendar year shall aggregate ten cents (10¢) per share then such amount shall be deemed to have been declared and paid or set apart for payment with respect to all outstanding Class A and Class B shares, even though less than such amount may actually have been so declared and paid or set apart with respect to part of such outstanding shares due to the issuance thereof subsequent to the beginning of such calendar year.
6. In the event of the liquidation, dissolution or winding up of the Company or other distribution of its assets among the shareholders (other than by way of dividend out of moneys of the Company properly applicable to the payment of dividends) the holders of Class A shares, subject to the rights of the holders of the preferred shares, shall first be entitled to receive an amount equal to any unpaid cumulative preferential dividends thereon, whether declared or not, and thereafter the holders of Class A shares and the holders of Class B shares shall be entitled to share equally share for share in all distributions of the assets of the Company.
7. The holders of the Class A shares shall not be entitled (except as herein specifically provided or as required by the Companies Act) to receive notice of or to attend any meetings of the shareholders of the Company and shall not be entitled to vote at any such meetings unless and until the Company shall be in default in the payment of at least in the aggregate two (2) annual dividends (whether or not consecutive) on the Class A shares as hereinbefore provided, whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of the dividends. Thereafter, so long as any dividends on the Class A shares shall remain in arrears, the holders of the Class A shares shall be entitled to receive notice of all meetings of shareholders (other than preferred shareholders) of the Company and shall be entitled to attend and vote thereat. When all arrears of dividends on all outstanding Class A shares shall have been paid, the right of the holders of the Class A shares to receive notice of such meetings and to attend and vote thereat in respect of such Class A shares shall cease unless and until two (2) annual dividends on the Class A shares shall again be in arrears and unpaid, whereupon the holders of the Class A shares shall again have the right to receive notice and to vote as above provided and so on from time to time. The divesting of such special voting power at any time shall not in any manner affect the authority of the board of directors of the Company to act for its term of office. Subject to the provisions of the Companies Act, the Company, without the approval of the Class A shareholders, may create other shares with prior rights to the Class A shares and may increase or reduce the number of such other shares or alter any or all of the rights, restrictions, conditions or limitations attaching to or affecting such other shares.
8. The approval of the holders of the Class A shares as to any and all matters referred to herein may be given by resolution passed or by-law sanctioned at a meeting of the holders of the Class A shares duly called and held upon at least fourteen (14) days' notice at which the holders of at least twenty-five per cent (25%) of the outstanding Class A shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of twenty-five per cent (25%) of the outstanding Class A shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman of the meeting and at least ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of the Class A shares present or repre-

sent by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of the Class A shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Class A shares shall be entitled to one vote in respect of each Class A share held.

9. The foregoing provisions hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Class A shares given in the manner hereinbefore specified in addition to any approval required by the Companies Act.
10. Except as expressly provided in the letters patent or supplementary letters patent (if any) of the Company, or as otherwise provided by law, the holders of the Class B shares shall have sole and exclusive voting rights for all purposes.

The Preferred Shares

1. The directors of the Company may from time to time issue the preferred shares in one or more series. The directors shall (subject as hereinafter provided) from time to time fix before issuance the designation, rights, restrictions, conditions and limitations to attach to the preferred shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, voting rights and conversion rights (if any) and any sinking fund, share purchase plan or other provisions attaching to the preferred shares of such series, the whole subject to the issue of supplementary letters patent setting forth the designation, rights, restrictions, conditions and limitations attaching to the preferred shares of such series.
2. When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the preferred shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the said preferred shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.
3. The preferred shares shall be entitled to preference over the Class A shares and the Class B shares of the Company and any other shares of the company ranking junior to the preferred shares with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, to the extent fixed in the case of each respective series and may also be given such other preferences over the Class A shares and Class B shares of the Company and any other shares of the Company ranking junior to the preferred shares to the extent fixed in the case of each respective series.
4. The preferred shares of each series shall rank on a parity with the preferred shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company whether voluntary or involuntary.
5. No class of shares may be created ranking as to capital or dividends prior to or on a parity with the preferred shares without the approval of the holders of the preferred shares given as hereinafter specified nor shall the authorized amount of the preferred shares be increased without such approval.
6. The approval of holders of the preferred shares as to any and all matters referred to herein may be given by resolution passed or by by-law sanctioned at a meeting of holders of preferred shares duly called and held upon at least fourteen (14) days' notice at which the holders of at least a majority of the outstanding preferred shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the preferred shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding preferred shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and at least ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of preferred shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the preferred shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of preferred shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of preferred shares shall be entitled to one vote in respect of each preferred share held.
7. The foregoing provisions hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the preferred shares given as hereinbefore specified in addition to any other approval required by the Companies Act.

7. DIVIDEND RECORD

The Company has not yet paid or declared any dividend on its shares.

8. RECORD OF PROPERTIES

The Company does not itself own or rent any property.

9. SUBSIDIARY COMPANY

Thio-Pet Chemicals Ltd. intends to construct and operate a petrochemical plant. At present, the Company does not itself own or rent any property.

10. CONTROLLED COMPANIES

The Company may be in a position to effectively control Home Oil Company Limited through its ownership of 900,000 of the 2,390,325 outstanding Class B (voting) shares as of April 24, 1964 of such company.

Home Oil Company Limited is actively engaged in the exploration for, and production and transportation of, petroleum, natural gas and associated substances. The company also has interests in certain crude oil pipe lines. The investments of the company include 1,250,000 shares of Trans Canada Pipe Lines Limited.

11. FUNDED DEBT

Neither the Company nor its subsidiary has any funded debt.

12. OPTIONS, UNDERWRITINGS, ETC.

None outstanding to date.

13. LISTING ON OTHER STOCK EXCHANGES

Application is to be made for listing on the Montreal Stock Exchange, Vancouver Stock Exchange and the Calgary Stock Exchange.

14. STATUS UNDER SECURITIES ACT

The Company has never made any filing with or obtained registration, approval or qualification by the Ontario Securities Commission or any corresponding Government body or authority.

15. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

16. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or elsewhere within Canada on such day in each year as the board of directors may by resolution determine.

17. HEAD AND OTHER OFFICES

The head office is located at 304 Sixth Avenue S.W., Calgary, Alberta, Canada. The Company has no other offices.

18. TRANSFER AGENT

Crown Trust Company at its offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver is the Transfer Agent for the Class A and Class B shares and the Preferred shares.

19. REGISTRAR

Crown Trust Company at its offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver is the Registrar for the Class A and Class B shares and the Preferred shares.

Riddell, Stead, Graham & Hutchison, Calgary, Alberta, Chartered Accountants, are the auditors of the Company.

TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

OFFICERS

NAME	OFFICE	ADDRESS
Robert Arthur Brown, Jr. Has been President of Home Oil Company Limited since December 1955 and is also a director of United Oils, Limited	President and Chairman of the Board of Directors	2211 - 7th Street S.W., Calgary, Alberta.
Robert William Campbell Has been Executive Vice-President of Home Oil Company Limited since March 1962, a Vice-President of that Company since December 1959 and General Manager of that Company since April 1959; he is also a director of United Oils, Limited.	Vice-President	3819 - 10th Street S.W., Calgary, Alberta.
Ronald Borden Coleman Has been employed as a solicitor with Home Oil Company Limited since September 1958 and has been Secretary of that Company since April 1960.	Secretary	2603 - 45th Street S.W., Calgary, Alberta.
Bartlett Bidwell Rombough Has been employed as a Chartered Accountant with Home Oil Company Limited since 1955 and has been Assistant Treasurer of that Company since September 1963.	Treasurer	7515 - 7th Street S.W., Calgary, Alberta.

DIRECTORS

Robert Arthur Brown Jr.	2211 - 7th Street S.W., Calgary, Alberta.
Robert William Campbell	3819 - 10th Street S.W., Calgary, Alberta.
Ronald Borden Coleman	2603 - 45th Street S.W., Calgary, Alberta.
John Wray Moyer Has been chairman of the Board of Home Oil Company Limited since December 1955.	1102 Riverside Ave., Calgary, Alberta.
Dr. William Fleming James Has been a partner of James, Buffam & Cooper, geological consultants, Toronto, Ontario; he is also a director of Home Oil Company Limited and United Oils, Limited.	300 Vesta Drive, Toronto, Ontario.
John Ross Tolmie, Q.C. Has been for the past five years a partner of the law firm of Herridge, Tolmie, Gray, Coyne & Blair, Ottawa, Ontario.	597 Mariposa, Rockcliffe, Ottawa, Ontario.
Benton Mackid Has been for the past five years engaged in the general insurance business in an executive capacity; he is also a director of United Oils, Limited.	360 Elveden House, Calgary, Alberta.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Cygnus Corporation Limited hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

CYGNUS CORPORATION LIMITED



"R. A. BROWN, JR."

President

"R. B. COLEMAN"

Secretary

FINANCIAL STATEMENTS

CYGNUS CORPORATION LIMITED
AND SUBSIDIARY COMPANY (NOTE 1)

CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1964

ASSETS

CURRENT ASSETS

Cash	\$	7
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INVESTMENT IN HOME OIL COMPANY LIMITED (NOTE 2)

900,000 Class B shares		12,991,410
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OTHER ASSETS

Incorporation expenses	\$	10,000	
Preliminary expenses — re proposed chemical plant		16,600	26,600
			<u>\$13,018,017</u>

LIABILITIES

CURRENT LIABILITIES

Estimated incorporation expenses payable	\$	10,000
Other accounts payable		16,600
		<u>26,600</u>

CAPITAL STOCK

Preferred shares

Authorized

375,000 Preferred shares of the par value of \$20 each, issuable in series

Common shares (Note 2)

Authorized

4,000,000 Class A shares of no par value

4,000,000 Class B shares of no par value

Issued and fully paid

868,789 Class A shares	\$3,247,852	
2,606,374 Class B shares	9,743,565	12,991,417
		<u>\$13,018,017</u>

The accompanying notes to consolidated balance sheet are an integral part of the above statement.

NOTES TO CONSOLIDATED BALANCE SHEET

NOTE 1 PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet includes the accounts of the Company (incorporated March 26, 1964) and the accounts of the Company's wholly owned subsidiary company Thio-Pet Chemicals Ltd. (incorporated March 24, 1964).

NOTE 2 INVESTMENT IN HOME OIL COMPANY

By an agreement dated April 9, 1964, the Company acquired 900,000 Class B shares of Home Oil Company Limited from its parent company, United Oils, Limited, in exchange for 868,789 Class A shares and 2,606,367 Class B shares of the capital stock of the Company. The consideration credited to the capital stock accounts, as set by the directors, was as follows:

	NUMBER OF SHARES	CONSIDERATION
Class A	868,789	\$ 3,247,852
Class B	2,606,367	9,743,558
		<u>\$12,991,410</u>

A further 7 Class B shares were issued for a total cash consideration of \$7.

AUDITORS' REPORT

To the Directors

Cygnus Corporation Limited

We have examined the consolidated balance sheet of Cygnus Corporation Limited and subsidiary company as at April 30, 1964, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Cygnus Corporation Limited and subsidiary company as at April 30, 1964, in accordance with generally accepted accounting principles.

"RIDDELL, STEAD, GRAHAM & HUTCHISON"
Chartered Accountants

May 5, 1964.

new file
A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act.

This prospectus is not, and under no circumstances is to be construed as, an offering of these shares for sale in, or to any person resident in, the United States of America, or in the territories or possessions thereof.

NEW ISSUE

Circular 533A
June 30, 1964

\$2,500,000
(125,000 Shares)

Cygnus Corporation Limited

(Incorporated under the laws of Canada)

5½% Cumulative Redeemable Convertible Preferred Shares (Par Value \$20 per Share)

The 5½% Cumulative Redeemable Convertible Preferred Shares (hereinafter called the "5½% Preferred Shares") are the first series of the 375,000 authorized Preferred Shares of the par value of \$20 each. They shall be entitled to fixed cumulative preferential cash dividends payable quarterly by cheque at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) on the first days of January, April, July and October in each year, as and when declared by the board of directors, at the rate of 5½% per annum, to accrue and be cumulative from July 17, 1964. Redeemable in whole or in part at the option of the Company at any time, on at least thirty days' notice, at \$21.00 per share plus accrued and unpaid dividends calculated to the date fixed for redemption. Subject to the right of the Company to purchase such shares for cancellation at any time at or under the redemption price plus reasonable costs of purchase. Non-voting unless and until eight quarterly dividends are in arrears and thereafter so long as any dividend remains in arrears entitled to one vote per share and, as a class together with all other outstanding Preferred Shares then having the right to vote, to elect two directors.

The Company shall so long as any of the 5½% Preferred Shares are outstanding in each year commencing with the year 1965, apply (subject to certain conditions set out in paragraph 8 of the Statutory Information forming part of this prospectus) to the purchase of 5½% Preferred Shares at a price not exceeding \$20 per share, plus reasonable costs of purchase, a sum equal to 2½% of the par value of the 5½% Preferred Shares originally issued, provided that any amount not so applied in any year shall not be required to be so applied in any succeeding year.

The 5½% Preferred Shares when issued will be fully paid and non-assessable and the rights, restrictions, conditions and limitations to attach thereto are more fully set out in paragraph 8 of the Statutory Information forming part of this prospectus.

CONVERSION PRIVILEGE

Each of the 5½% Preferred Shares will be convertible at the option of the holder thereof at any time up to and including December 29, 1972, or, in the case of any shares called for redemption, up to the close of business on the third day prior to the date specified for redemption, into four fully paid Class A shares of the Company.

The provisions attaching to the 5½% Preferred Shares provide for the adjustment of the conversion right in the event of consolidation, subdivision or change of the Class A shares or payment of a stock dividend on the Class A shares, as more fully set out in paragraph 8 of the Statutory Information.

Transfer Agent and Registrar:

Crown Trust Company, Calgary, Vancouver, Toronto and Montreal

We, as principals, offer these 5½% Preferred Shares for delivery if, as and when issued and accepted by us and subject to prior sale and change of price and the approval of counsel of all proceedings. We reserve the right to close the subscription books at any time without notice and to reject any or all applications and also in any case to allot a smaller number of shares than may be applied for.

Price: \$20 per Share to yield 5.50%

Application has been made for the listing of the 5½% Preferred Shares on the Montreal and Toronto Stock Exchanges.

It is expected that certificates will be available for delivery on or about July 17, 1964.

All legal matters in connection with the 5½% Preferred Shares are subject to the approval of Messrs. Macleod, Dixon, Burns, Love, Leitch & Lomas of Calgary, Alberta on behalf of the Company and of Messrs. Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton of Calgary, Alberta on our behalf.

ROYAL SECURITIES CORPORATION LIMITED

MONTREAL TORONTO HALIFAX SAINT JOHN QUEBEC OTTAWA HAMILTON WINNIPEG CALGARY
EDMONTON VANCOUVER VICTORIA CHARLOTTETOWN MONCTON ST. JOHN'S, Nfld. NEW YORK

The following information has been supplied by Mr. R. A. Brown, Jr., President of Cygnus Corporation Limited.

THE COMPANY

Cygnus Corporation Limited ("the Company") was incorporated on March 26, 1964, under the laws of Canada with broad powers, including the right to carry on the business of an investment company and financial, commercial, industrial, mining, trading and other operations.

The Company was incorporated as a wholly owned subsidiary of United Oils, Limited ("United"). The Company acquired 900,000 Class B (voting) shares of Home Oil Company Limited ("Home") from United in return for 868,789 Class A and 2,606,367 Class B shares of the Company.

On May 14, 1964 the shareholders of United approved an Arrangement whereby the paid-up capital of United was reduced by distributing the said 868,789 Class A and 2,606,367 Class B shares of the Company to the shareholders of United. This distribution is still in progress.

The Company's major asset is the 900,000 Class B shares of Home referred to above. The Company is the largest shareholder of Home, owning approximately 38% of the outstanding Class B (voting) shares of that company. Four of the directors of the Company are members of the board of directors of Home.

The Company intends to maintain its dominant position in Home, and to make investments in other enterprises which in the opinion of the board of directors are capable of substantial growth and development over a period of years.

The first of these other investments is Thio-Pet Chemicals Ltd., a wholly owned subsidiary of the Company, which will commence construction of a chemical plant at Fort Saskatchewan, Alberta in July, 1964. Further information concerning Thio-Pet Chemicals Ltd. is set out on page 4 of this prospectus.

ASSETS AND INCOME

After completion of the present financing the consolidated net tangible assets of the Company and Thio-Pet Chemicals Ltd. will be as follows:

Investment in Class B shares of Home.....	\$20,137,500
(based on the last sale price on The Toronto Stock Exchange on May 29, 1964)	
Chemical plant—preliminary expenses to May 31, 1964.....	23,609
(estimated total cost \$570,000)	
Dividend receivable from Home.....	157,500
Cash.....	2,281,398
Consolidated net tangible assets.....	<u>\$22,600,007</u>
Aggregate par value of 5½% Preferred Shares.....	<u>\$ 2,500,000</u>

On the above basis, consolidated net tangible assets will amount to approximately \$180 for each 5½% Preferred Share with a par value of \$20 to be outstanding upon completion of the present financing.

Annual dividend requirements for the 5½% Preferred Shares to be outstanding upon completion of this financing will amount to \$137,500.

On May 13, 1964 Home increased the annual rate of dividends on its Class B shares to 35¢ per share. Based on this rate of dividend on the Class B shares of Home, and without considering any return on the Company's investment in Thio-Pet Chemicals Ltd. or the other investments to be made with the proceeds of this issue, it is estimated that the net annual income of the Company will exceed the dividend requirements for the 5½% Preferred Shares by \$135,000.

CAPITALIZATION

(after giving effect to this financing)

Preferred Shares:

Authorized

375,000 Preferred Shares of the par value of \$20 each, issuable in series

Issued and fully paid

125,000 5½% Cumulative Redeemable Convertible Preferred Shares.....	\$ 2,500,000
	<u>\$ 2,500,000</u>

Class A and Class B Shares:

Authorized

4,000,000 Class A shares of no par value

4,000,000 Class B shares of no par value

Issued and fully paid

868,789 Class A shares.....	\$ 3,247,852
2,606,374 Class B shares.....	9,743,565
	<u>\$12,991,417</u>

The rights, restrictions, conditions and limitations attaching to the 375,000 authorized Preferred Shares and to the Class A shares and Class B shares and to attach to the 5½% Preferred Shares are set out in paragraph 8 of the Statutory Information forming part of this prospectus.

HOME OIL COMPANY LIMITED

The information in this section is included because of the Company's large investment in Home.

Home was incorporated under the laws of Canada in 1929 and is actively engaged in exploration for, and production and transportation of, crude oil and natural gas. It is the largest shareholder of Trans-Canada Pipe Lines Limited.

The Directors of Home are:

Robert A. Brown, Jr.	Calgary, Alberta
Ronald M. Brown	Vancouver, British Columbia
Robert W. Campbell	Calgary, Alberta
E. Fred Davis	Los Angeles, California
Mervyn A. Dutton	Calgary, Alberta
Percy M. Fox	Montreal, Que.
Max C. Govier	Calgary, Alberta
William F. James	Toronto, Ontario
John W. Moyer	Calgary, Alberta
Harry I. Price	Toronto, Ontario
G. Harry Thompson	Calgary, Alberta
James B. Weir	Montreal, Quebec
Ralph Will	Calgary, Alberta

Home's exploration activity is presently concentrated in Canada and in the United Kingdom. It had an interest in 1.4 million net acres of exploration acreage on December 31, 1963.

At January 1, 1964 Home reported the following reserves:

CRUDE OIL (barrels)	
Proven Developed	73,309,000
Proven Undeveloped	486,000
Probable Additional	73,979,000
	<u>147,774,000</u>
NATURAL GAS LIQUIDS (barrels)	
Proven Developed	11,110,000
Proven Undeveloped	8,000
Probable Additional	204,000
	<u>11,322,000</u>
Total Crude Oil and Natural Gas Liquids	<u>159,096,000</u>
NATURAL GAS (1,000 cubic feet)	
Proven Developed	555,300,000
Proven Undeveloped	5,720,000
Probable Additional	19,710,000
	<u>580,730,000</u>

The above amounts are net after deducting all royalties.

Home's average daily production of crude oil and natural gas liquids, and average daily sales of natural gas, for the past five years have been as follows:

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Net production of crude oil and natural gas liquids (barrels per day)	7,357	7,849	8,908	9,402	10,042
Net sales of natural gas (1,000 cubic feet per day)	16,701	30,697	36,073	43,136	52,497

Home has significant investments in crude oil and natural gas pipelines. It is the largest shareholder of Trans-Canada Pipe Lines Limited, holding 1,250,000 common shares having a value based on market quotations on May 29, 1964 of approximately \$50,000,000. In 1964 Trans-Canada Pipe Lines Limited commenced dividend payments at an annual rate of \$1 per share. Home also owns 50% of Federated Pipe Lines Ltd., a pipeline system connecting oil fields in the Swan Hills—Virginia Hills area to Edmonton. Federated's average daily throughput in 1963 was 67,727 barrels. Home wholly owns a pipeline system servicing areas between Red Deer and Calgary, which transports crude oil and condensate to refineries at Calgary and Bowden, Alberta. This pipeline system gathered an average of 31,862 barrels per day in 1963.

The capitalization of Home as at December 31, 1963 was as follows:

	<u>Authorized</u>	<u>Issued</u>
Class A shares of no par value (Notes 1 and 2)	4,343,873	2,499,316
Class B shares of no par value (Notes 1 and 2)	3,656,127	2,368,974

- (1) 27,549 Class A shares and 275,506 Class B shares included above were held by subsidiary companies of Home.
- (2) 252,586 Class A shares were reserved for issuance upon the exercise of warrants and the conversion of debt. 18,183 Class A shares and 183,140 Class B shares were reserved for exercise of options issued to employees (including officers and directors).

The holders of Class A shares are entitled to cumulative preferential dividends of 25¢ per share per annum. After payment of this dividend Home may pay dividends up to 25¢ per share per annum to Class B shareholders. Dividends in excess of the foregoing in any year are payable equally on Class A and Class B shares. Class B shareholders have exclusive voting rights unless dividends on the Class A shares are in default for four half-yearly payments at which time the Class A shares will also have voting rights during the period of such default.

There are restrictions on the payment of dividends on the Class B shares, and in excess of 25¢ per share per annum on the Class A shares, under the provisions of the deeds of trust and mortgage securing certain of the long term debt outstanding. Under the most restrictive of these provisions the amount of earned surplus available for dividends at January 1, 1964 was \$2,250,000 after payment of dividends on January 1, 1964.

Home has paid dividends at the rate of 25¢ per share per annum on its Class A shares since July 1, 1956. Dividends at the rate of 25¢ per share per annum were commenced in 1963 on the Class B shares. A 10% stock dividend, paid in Class A shares, was paid to both Class A and Class B shareholders on July 1, 1963.

The directors of Home have increased the dividends to 35¢ per share per annum on both classes of stock, payable 17½¢ on July 1, 1964 and 17½¢ on January 1, 1965. The directors of Home have stated that in their opinion a dividend of at least this rate can be maintained in future years.

Consolidated financial statements of Home and subsidiary companies appear on pages 6 to 10 inclusive of this prospectus.

THIO-PET CHEMICALS LTD.

Thio-Pet Chemicals Ltd. was incorporated by the Company in 1964 as a wholly owned subsidiary. It will own and operate a chemical plant which will initially produce commercial hydrogen sulphide and carbon disulphide. The former is an industrial gas and the latter is used as a solvent for elemental sulphur and wax. Natural gas and sulphur required as raw materials for the plant will be purchased locally. A plant site has been acquired at Fort Saskatchewan, Alberta, and construction of the plant will commence in July, 1964. It is anticipated that the plant will be in production by November, 1964. The total cost of the plant, and associated facilities is estimated to be approximately \$570,000.

PURPOSE OF ISSUE

The net proceeds to be derived by the Company from the sale of the 125,000 5½% Preferred Shares proposed to be issued will be applied as to approximately \$570,000 to investment in Thio-Pet Chemicals Ltd. and as to approximately \$50,000 to payment of incorporation and other non-recurring expenses, part of which have been temporarily financed by bank loans. The balance will be retained by the Company for investment in enterprises approved by the board of directors. The Company may itself engage in financial, commercial, industrial, mining, trading and other operations and also, as the Directors consider appropriate, it may invest in existing companies, with or without participating in management, and acquire or cause to be incorporated companies engaged directly or indirectly in financial, commercial, industrial, mining, trading and other operations.

The amount to be invested in Thio-Pet Chemicals Ltd. will be used for construction of the chemical plant described above.

SUMMARY OF CERTAIN PROVISIONS OF THE 5½% PREFERRED SHARES

Reference is hereby made to paragraph 8 of the Statutory Information in which the rights, restrictions, conditions and limitations attaching to the 5½% Preferred Shares are set out in detail.

1. Authorized Amount

The Company is authorized to issue 375,000 Preferred Shares of the par value of \$20 each in one or more series. The initial series, consisting of 125,000 shares offered by this prospectus, is designated "5½% Cumulative Redeemable Convertible Preferred Shares" and is referred to herein as the "5½% Preferred Shares".

2. Dividends

The holders of the 5½% Preferred Shares will be entitled to receive, as and when declared by the directors, fixed cumulative preferred cash dividends at the rate of 5½% per annum, and no more, payable quarterly on the first days of January, April, July and October in each year.

3. Capital Preference

In the event of liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company for the purpose of winding up its affairs the holders of the 5½% Preferred Shares will be entitled to receive the redemption price of their shares including all accrued and unpaid dividends before any amount will be paid or any property or assets of the Company distributed to the holders of the Class A and Class B shares or any other shares ranking junior to the 5½% Preferred Shares; thereafter the holders of the 5½% Preferred Shares will not be entitled to share in any further distribution of the property or assets of the Company.

4. Voting Rights

The holders of the 5½% Preferred Shares will not be entitled to vote at any meeting of shareholders of the Company unless the Company is in default in payment of an aggregate of eight quarterly dividends on the 5½% Preferred Shares. Thereafter and until all arrears of dividends have been paid, the holders of the 5½% Preferred Shares shall be given notice of and may attend all meetings of holders of Class B shares and shall have one vote for each 5½% Preferred Share held by them and in addition the holders of the 5½% Preferred Shares shall be entitled, together with the holders of any other Preferred Shares then having a vote, to elect two of the directors of the Company.

5. Conversion Privilege

Each of the 5½% Preferred Shares will be convertible at the option of the holder thereof at any time up to and including December 29, 1972 or, in the case of any shares called for redemption, up to the close of business on the third day prior to the date specified for redemption thereof, into four fully paid Class A shares of the Company. The conversion right is subject to adjustment in the event of a consolidation, subdivision or change of the Class A shares or payment of a stock dividend on the Class A shares, as more fully set out in paragraph 8 of the Statutory Information.

6. Redemption and Purchase

The Company may redeem all or any part of the 5½% Preferred Shares on not less than 30 days' notice on payment of \$21 per share, plus accrued and unpaid dividends.

The Company may purchase for cancellation all or any part of the 5½% Preferred Shares at or under the redemption price plus reasonable cost of purchase.

7. Restrictions on Additional Issues

The Company may not issue any additional Preferred Shares unless Consolidated Net Tangible Assets (as defined) determined as of a date not more than one hundred and twenty (120) days prior to the date of issue of such additional Preferred Shares shall have been not less than two and one-half (2½) times the par value of all the Preferred Shares to be outstanding immediately after such issue, less any to be redeemed within sixty (60) days thereafter.

8. Purchase Fund

The Company shall in each year commencing with the year 1965 apply (subject to certain conditions set out in paragraph 8 of the Statutory Information) to the purchase of 5½% Preferred Shares at a price not exceeding \$20 per share, plus reasonable costs of purchase, a sum equal to 2½% of the aggregate par value of the 5½% Preferred Shares originally issued; provided that any amount not so applied in any year shall not be required to be applied in any succeeding year.

9. Dividend Restrictions

The Company shall not

(i) redeem, reduce, acquire or pay off any shares ranking junior to the 5½% Preferred Shares (except out of the proceeds of an issue of shares ranking junior to the 5½% Preferred Shares), or

(ii) pay dividends (other than dividends to the extent of 10¢ per share per annum on any Class A shares from time to time outstanding, or dividends payable in shares of the Company) on any shares ranking junior to the 5½% Preferred Shares, or

(iii) elect to pay tax on undistributed income pursuant to section 105 of the Income Tax Act (Canada);

if after giving effect thereto the Consolidated Net Tangible Assets (as defined) would be less than two and one-half times the par value of all Preferred Shares then outstanding.

10. Amendment of Terms

The rights, restrictions, conditions and limitations attaching to the 5½% Preferred Shares may be amended only with the authorization of the holders of the 5½% Preferred Shares given as specified in paragraph 8 of the Statutory Information in addition to any other authorization required by the Companies Act.

THE FOREGOING STATEMENT IS NOT COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL PROVISIONS ATTACHING TO THE 5½% PREFERRED SHARES APPEARING IN THE STATUTORY INFORMATION WHICH FORMS PART OF THIS PROSPECTUS.

HOME OIL COMPANY LIMITED

And Subsidiary Companies

CONSOLIDATED STATEMENT OF INCOME FOR THE FIVE YEARS ENDED DECEMBER 31, 1963

The following consolidated statement of income of Home Oil Company Limited and Subsidiary Companies for the five years ended December 31, 1963 has been examined by Riddell, Stead, Graham & Hutchison, Chartered Accountants, whose report thereon is included in this prospectus.

	Year Ended December 31			
	1959	1960	1961	1962
INCOME				1963
Gross operating income.....	\$ 7,712,452	\$ 8,902,209	\$10,339,150	\$11,958,361
Interest, dividends and other income.....	68,419	379,832	1,215,332	1,181,509
	<u>7,780,871</u>	<u>9,282,041</u>	<u>11,554,482</u>	<u>13,139,870</u>
				<u>14,412,314</u>
EXPENSE				
Operating expense.....	1,289,468	1,513,615	1,856,158	2,334,718
General and administrative expense.....	947,451	1,215,942	1,276,749	1,564,261
Exploration expense.....	428,643	398,178	375,814	315,400
Rentals and expense on undeveloped properties.....	472,203	542,425	635,270	599,349
Dry hole costs.....	459,168	900,408	1,108,177	926,925
Surrendered leases.....	187,199	56,896	49,432	70,233
Depreciation, depletion and amortization.....	2,182,043	2,049,119	2,233,592	2,344,787
Interest and expense on long term debt.....	930,874	2,524,638	3,336,020	3,848,809
Other interest.....	1,466,098	785,624	411,802	14,912
	<u>8,363,147</u>	<u>9,986,845</u>	<u>11,283,014</u>	<u>12,019,394</u>
				<u>12,351,235</u>
Net income (loss) before taxes on income and special credit.....	(582,276)	(704,804)	271,468	1,120,476
PROVISION FOR TAXES ON INCOME (Note 6).....	37,216	26,196	22,921	—
Net income (loss) before special credit.....	(619,492)	(731,000)	248,547	1,120,476
				<u>2,061,079</u>
SPECIAL CREDIT				
Gain on disposition of shares of Trans-Canada Pipe Lines Limited (Note 2).....	—	—	—	—
				<u>1,033,875</u>
NET INCOME (Loss).....	<u>\$ (619,492)</u>	<u>\$ (731,000)</u>	<u>\$ 248,547</u>	<u>\$ 1,120,476</u>
				<u>\$ 3,094,954</u>

The notes to consolidated financial statements of Home Oil Company Limited and Subsidiary Companies contained in this prospectus are an integral part of the above statement.

HOME OIL COMPANY LIMITED
(Incorporated under the Companies Act of Canada)
and Subsidiary Companies

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1963

ASSETS

CURRENT ASSETS:

Cash.....	\$ 5,424,668
Accounts receivable, less allowance for doubtful accounts.....	3,261,804
Inventories of materials and supplies at the lower of average cost or market.....	247,872
	<u>8,934,344</u>

INVESTMENTS (Note 2):

Trans-Canada Pipe Lines Limited, at cost.....	31,513,531
Federated Pipe Lines Ltd., at cost.....	1,260,000
Other investments, at cost.....	1,113,070
	<u>33,886,601</u>

PROPERTY, PLANT AND EQUIPMENT, at cost (Note 3):

Petroleum and natural gas leases and rights together with development and equipment thereon	
Producing.....	66,898,750
Less accumulated depreciation, depletion and amortization.....	(34,136,696)
Non-producing.....	5,408,818
Land, buildings, pipe line property and other equipment.....	11,277,871
Less accumulated depreciation.....	(2,842,680)
	<u>46,606,063</u>

OTHER ASSETS AND DEFERRED CHARGES:

Unamortized debt discount and expense.....	521,403
Miscellaneous.....	730,991
	<u>1,252,394</u>
	<u>\$90,679,402</u>

LIABILITIES

CURRENT LIABILITIES:

Due to bank—secured.....	\$ 5,250,000
Accounts payable and accrued charges.....	2,328,913
Dividends payable.....	570,219
Current portion of long term debt.....	1,785,540
	<u>9,934,672</u>

LONG TERM DEBT (Note 4).....	<u>47,069,095</u>
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CAPITAL STOCK AND SURPLUS:

Capital stock (Note 5):	
Authorized	
4,343,873 Class A shares of no par value	
3,656,127 Class B shares of no par value	
Issued and fully paid (including shares held by subsidiary companies—see below)	
2,499,316 Class A shares.....	20,676,277
2,368,974 Class B shares.....	12,539,895
	<u>33,216,172</u>
EARNED SURPLUS—per statement.....	<u>3,879,480</u>
	<u>37,095,652</u>
Less cost of 27,549 Class A shares and 275,506 Class B shares held by subsidiary companies.....	3,420,017
	<u>33,675,635</u>
	<u><u>\$90,679,402</u></u>

Approved on behalf of the Board:

(Sgd.) R. A. BROWN, JR., Director
(Sgd.) ROBERT W. CAMPBELL, Director

The notes to consolidated financial statements of Home Oil Company Limited and Subsidiary Companies contained in this prospectus are an integral part of the above balance sheet.

HOME OIL COMPANY LIMITED
and Subsidiary Companies

STATEMENT OF CONSOLIDATED EARNED SURPLUS
FOR THE FIVE YEARS ENDED DECEMBER 31, 1963

	1959	1960	1961	1962	1963
Balance as at January 1.....	\$9,717,489	\$8,584,338	\$6,345,104	\$6,079,909	\$6,686,635
Add:					
Net Income (loss).....	(619,492)	(731,000)	248,547	1,120,476	3,094,954
	<u>9,097,997</u>	<u>7,853,338</u>	<u>6,593,651</u>	<u>7,200,385</u>	<u>9,781,589</u>
Deduct:					
Cash dividends					
Class A shares.....	513,659	513,741	513,742	513,750	565,655
Class B shares.....					522,196
Stock dividend.....					4,814,258
Loss on sale of properties.....		994,493			
Balance as at December 31.....	<u>\$8,584,338</u>	<u>\$6,345,104</u>	<u>\$6,079,909</u>	<u>\$6,686,635</u>	<u>\$3,879,480</u>

HOME OIL COMPANY LIMITED
and Subsidiary Companies

Notes to Consolidated Financial Statements
As at December 31, 1963

NOTE 1. ACCOUNTING POLICIES

Exploration expenses and carrying charges of both producing and non-producing properties are charged to income as incurred. Lease acquisition costs are capitalized and are charged to income if the lease is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of an unproductive well is charged to income when determined to be dry. The costs of producing leases and the costs of drilling producing wells are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by company engineers.

Prior to the year 1960, depreciation was provided in the accounts at rates, applied on the declining balance method, substantially equal to the maximum permitted for income tax purposes. During 1960, the company carried out a review of its depreciation policy and established that the rates which were being used were excessive. New rates were established based upon the estimated service life of each group of assets to be applied on the straight line method. These rates and this method have been used in providing depreciation since January 1, 1960. A retroactive adjustment was made for prior years resulting in a credit to Earned Surplus of \$2,612,176. The applicable portion of this and other retroactive adjustments with respect to prior years' income have been reflected in the consolidated statement of income appearing in this prospectus in the years to which they apply.

The consolidated financial statements of the company include the accounts of all companies in which the company, directly or indirectly, has ownership of more than 50% of the voting capital stock.

Current assets and current liabilities in foreign currencies are converted using the exchange rate at the date of the balance sheet. Fixed assets and long-term debt are converted at the rate in effect at the time the assets were acquired or the debt incurred. Expense items are converted using the average rate of exchange for the year.

NOTE 2. INVESTMENTS

(a) **TRANS-CANADA PIPE LINES LIMITED**

The company as at December 31, 1963, held 1,231,255 common shares of Trans-Canada Pipe Lines Limited. Based upon the closing market price on the Toronto Stock Exchange at December 31, 1963, the value of this investment was \$42,786,111.

(b) **FEDERATED PIPE LINES LTD.**

The company at December 31, 1963 held 260,000 shares of the capital stock of Federated Pipe Lines Ltd. (being 50% of the issued shares) acquired at a cost of \$260,000. The company's share of the net assets of Federated as at December 31, 1963 amounted to \$481,457.

At December 31, 1963, the company also held \$1,000,000 principal amount of subordinated debt of Federated acquired at a cost of \$1,000,000.

(c) **OTHER INVESTMENTS**

Other investments held by the company at December 31, 1963 were as follows:

	Cost
Shares having a quoted market value of \$1,408,974.....	\$1,074,364
Shares and debt securities having no quoted market value.....	38,706
	<u>\$1,113,070</u>

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Petroleum and natural gas leases and rights together with equipment thereon comprise, for the most part, the cost of fractional interests in properties plus costs incurred for development thereon. The following is a summary of the cost of such properties and the related accumulated depreciation, depletion and amortization as at December 31, 1963:

	Cost of Assets	Accumulated Depreciation, Depletion and Amortization	Net
Producing			
Leaseholds.....	\$18,884,872	\$ 8,459,130	\$10,425,742
Royalty rights.....	311,586	186,060	125,526
Development costs.....	34,701,810	21,122,435	13,579,375
Production equipment.....	13,000,482	4,369,071	8,631,411
	<u>\$66,898,750</u>	<u>\$34,136,696</u>	<u>\$32,762,054</u>
Non-producing			
Leaseholds.....	\$ 2,792,705		
Reservations and rights.....	1,322,137		
Royalty rights.....	120,893		
Capped gas wells.....	988,916		
Wells in progress.....	184,167		
	<u>\$ 5,408,818</u>		

The following is a summary of the cost of land, buildings, pipe line property and other equipment and the related accumulated depreciation as at December 31, 1963:

	Cost of Assets	Accumulated Depreciation	Net
Land.....	\$ 324,029	\$ —	\$ 324,029
Buildings.....	3,227,659	451,844	2,775,815
Pipe line property.....	5,425,133	1,235,308	4,189,825
Other equipment.....	2,301,050	1,155,528	1,145,522
	<u>\$11,277,871</u>	<u>\$ 2,842,680</u>	<u>\$ 8,435,191</u>

NOTE 4. LONG TERM DEBT

Details of Long Term Debt as at December 31, 1963:

5½% Secured Notes, due September 1, 1971	
Series A.....	\$ 1,925,000
Series B (\$3,525,000 U.S.).....	3,449,298
(subject to annual sinking fund payments)	
5¾% Secured Convertible Sinking Fund Debentures, 1956 Series, due December 15, 1971 (one-half of \$3,131,000 at December 31, 1963 convertible into Class A shares).....	3,478,500
6½% Secured Sinking Fund Pipe Line Bonds, due November 1, 1977.....	1,400,000
6½% Secured Bonds, due January 31, 1975 (\$8,950,000 U.S.).....	8,547,470
(subject to monthly payments based on production from pledged properties)	
6½% Secured Bonds, due July 1, 1976 (\$13,209,199 U.S.).....	13,607,499
(subject to monthly payments based on production from pledged properties)	
6¼% Collateral Trust Bonds, due April 1, 1983.....	15,000,000
(subject to annual sinking fund payments commencing in 1969)	
6¾% Mortgage, maturing January 1, 1978 (payable in monthly installments).....	1,446,868
	<u>48,854,635</u>
Less—current portion.....	1,785,540
	<u>\$47,069,095</u>

NOTE 5. CAPITAL STOCK

- (a) There are restrictions on the payment of dividends on the Class B shares and in excess of 25¢ per annum on the Class A shares under the provisions of the Deeds of Trust and Mortgage securing certain of the long term debt outstanding.
- (b) There were 252,586 Class A shares reserved at December 31, 1963 for issuance upon the exercise of warrants and the conversion of debt:

	Shares
Warrants are outstanding to purchase Class A shares in the amounts of 72,288 at \$14.31 per share on or before September 1, 1966 and 76,975 at \$14.55 U.S. per share on or before July 1, 1976. These warrants were issued in connection with the issuance of long term debt.....	149,263
One-half of \$3,131,000 principal amount 5¾% Secured Convertible Sinking Fund Debentures, 1956 Series, are convertible on or before December 15, 1966 into Class A shares at \$14.91 per share.....	103,323
	<u>252,586</u>

- (c) As at December 31, 1963, employees (including officers and directors) held options to purchase 18,183 Class A and 183,140 Class B Shares at various prices as shown below. With the exception of the option granted February 19, 1958 (as amended January 19, 1961), each option is not exercisable until one year after the date of granting of the option and is then exercisable in amounts not exceeding one-third of the optioned shares during each of the second and third years after the date of granting of the option. The option dated February 19, 1958 (as amended January 19, 1961) was exercisable at any time or from time to time commencing February 19, 1958. All options expire ten years after the date of granting.

Date of Granting	Class A		Class B	
	Shares	Price	Shares	Price
Officers and Directors				
February 19, 1958 (as amended January 19, 1961).....	7,500	\$ 8.18	75,000	\$ 8.18
December 19, 1960.....	1,195	6.55	14,517	6.55
June 14, 1961.....	750	8.82	7,483	8.82
March 4, 1963.....	1,390	11.02	13,900	11.02
Other Employees				
December 19, 1960.....	4,182	6.55	40,605	6.55
June 14, 1961.....	741	8.82	7,385	8.82
March 4, 1963.....	2,425	11.02	24,250	11.02
	<u>18,183</u>		<u>183,140</u>	

- (d) The following is a summary of the consideration received by the company (or the amount transferred to the capital stock of the company from earned surplus upon the payment of a stock dividend) on the issuance of its capital stock:

	Shares	Credited to Capital
Issued to December 13, 1955		
Assets of predecessor company.....	880,000	\$ 880,000
Cash.....	1,080,000	3,634,820
Shares and debentures of other companies.....	397,633	5,563,830
Assets of Federated Petroleum, Ltd. (656,127 Class A shares and 779,471 Class B Shares).....	1,435,598	9,565,756
	<u>3,793,231</u>	<u>\$19,644,406</u>

	Class A		Class B	
	Shares	Amount	Shares	Amount
On December 13, 1955 the company's shares were classified as Class A and Class B shares and the total consideration above allocated as follows:	1,500,000	\$ 7,768,209	2,293,231	\$11,876,197
Issued since December 13, 1955				
Cash.....	865	5,766	75,743	663,698
Conversion of debentures.....	556,776	8,088,044	—	—
Stock dividend.....	441,675	4,814,258	—	—
	<u>2,499,316</u>	<u>\$20,676,277</u>	<u>2,368,974</u>	<u>\$12,539,895</u>

NOTE 6. INCOME TAX

For Canadian income tax purposes oil companies are permitted to deduct oil exploration and development costs together with the cost of certain petroleum and natural gas rights to the extent of income earned. During the years 1959 to 1963 inclusive the company has had an excess of such deductible costs over income and as a result income tax was payable only on the income of certain subsidiary companies.

NOTE 7 CONTINGENT LIABILITIES

The company has entered into throughput and deficiency agreements, in effect guaranteeing 50% of the principal and interest of outstanding First Mortgage Bonds of Federated Pipe Lines Ltd., a 50% owned company. As at December 31, 1963, First Mortgage Bonds outstanding amounted to \$13,790,000.

The company has agreed to partly indemnify a United States purchaser of the company's 6¼% Collateral Trust Bonds in the event the purchase becomes taxable under the proposed United States "Interest Equalization Tax". The maximum liability which the company may incur under this indemnification is \$325,000.

The company is from time to time required in the course of its business operations to guarantee or be responsible for the obligations of its associates in such operations. The company does not consider that any material liability will arise from such existing commitments or obligations.

NOTE 8. SUBSEQUENT COMMITMENTS

On May 15, 1964, the company made an offer to purchase the 8,687,890 outstanding shares (1,098,370 of which are held by a subsidiary of the company) of United Oils, Limited (as reduced after giving effect to the reduction of capital of United by means of a distribution of shares of Cygnus Corporation Limited) at a price of 75 cents per share. The company has guaranteed the debt obligations of United which as of April 30, 1964 amounted to \$5,188,970 (U.S.) and \$4,356,000 (Canadian).

AUDITORS' REPORT

To the Directors,
Home Oil Company Limited.

We have examined the consolidated balance sheet of Home Oil Company Limited and subsidiary companies as at December 31, 1963, and the consolidated statements of income and earned surplus for the five years then ended, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and the consolidated statements of income and earned surplus present fairly the financial position of Home Oil Company Limited and subsidiary companies as at December 31, 1963, and the results of their operations for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta.
June 29, 1964.

(Sgd.) RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants.

CYGNUS CORPORATION LIMITED
(Incorporated under the Companies Act of Canada)
and Subsidiary Company
CONSOLIDATED BALANCE SHEET AND
PRO-FORMA CONSOLIDATED BALANCE SHEET
AS AT MAY 31, 1964

The Pro-Forma Consolidated Balance Sheet is after giving effect to:

- (a) The issue of 125,000 5½% Cumulative Redeemable Convertible Preferred Shares, of the par value of \$20 each, for \$2,500,000 cash.
- (b) The payment of financing expenses estimated at \$20,000 and commission of \$125,000, payable on the sale of the 5½% Preferred Shares.
- (c) The payment of bank loans of \$50,000 and accounts payable of \$25,036, incurred for organization expenses and the preliminary expenses-chemical plant.

ASSETS

	<u>Consolidated Balance Sheet</u>	<u>Pro-Forma Consolidated Balance Sheet</u>
CURRENT ASSETS:		
Cash.....	\$ 1,434	\$ 2,281,398
Dividend receivable.....	157,500	157,500
	<u>158,934</u>	<u>2,438,898</u>
INVESTMENT IN HOME OIL COMPANY LIMITED (Note 2):		
900,000 Class B Shares.....	12,991,410	12,991,410
OTHER ASSETS:		
Incorporation and organization expenses.....	50,000	50,000
Commission and expenses on issuance of Preferred Shares.....	—	145,000
Preliminary expenses—chemical plant (Note 3).....	23,609	23,609
	<u>73,609</u>	<u>218,609</u>
	<u>\$13,223,953</u>	<u>\$15,648,917</u>

LIABILITIES

CURRENT LIABILITIES:		
Due to bank.....	\$ 50,000	—
Accounts payable—estimated.....	25,036	—
	<u>75,036</u>	<u>—</u>
CAPITAL STOCK AND SURPLUS:		
Capital Stock		
Preferred shares		
Authorized		
375,000 Preferred Shares of the par value of \$20 each,		
issuable in series		
Issued and fully paid		
125,000 5½% Cumulative Redeemable Convertible		
Preferred Shares.....	—	2,500,000
	<u>—</u>	<u>2,500,000</u>
Class A and Class B shares (Notes 2 and 4)		
Authorized		
4,000,000 Class A shares of no par value		
4,000,000 Class B shares of no par value		
Issued and fully paid		
868,789 Class A shares.....	3,247,852	3,247,852
2,606,374 Class B shares.....	9,743,565	9,743,565
	<u>12,991,417</u>	<u>12,991,417</u>
Earned surplus (being income earned on the investment in Home Oil Company Limited since date of incorporation, March 26, 1964) ..	157,500	157,500
	<u>\$13,223,953</u>	<u>\$15,648,917</u>

The notes to consolidated balance sheet and pro-forma consolidated balance sheet contained in this prospectus are an integral part of the above balance sheets.

Approved on behalf of the Board:

(Sgd.) R. A. BROWN, JR., Director
(Sgd.) ROBERT W. CAMPBELL, Director

CYGNUS CORPORATION LIMITED
And Subsidiary Company
NOTES TO CONSOLIDATED BALANCE SHEET AND
PRO-FORMA CONSOLIDATED BALANCE SHEET

Note 1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet and pro-forma consolidated balance sheet includes the accounts of the Company and the accounts of the Company's wholly owned subsidiary company, Thio-Pet Chemicals Ltd.

Note 2. INVESTMENT IN HOME OIL COMPANY LIMITED

By an agreement dated April 9, 1964, the Company acquired 900,000 Class B shares of Home Oil Company Limited from its then parent company, United Oils, Limited, in exchange for 868,789 Class A shares and 2,606,367 Class B shares of the capital stock of the Company. The consideration credited to the capital stock accounts, as set by the directors, was as follows:

	Number of Shares	Consideration
Class A shares.....	868,789	\$ 3,247,852
Class B shares.....	2,606,367	9,743,558
		<u>\$12,991,410</u>

A further 7 Class B shares were issued for a total cash consideration of \$7.

Note 3. CHEMICAL PLANT

The Company's wholly owned subsidiary company, Thio-Pet Chemicals Ltd., has incurred pre-construction expenses of \$23,609 in respect to a chemical plant, the total cost of which is estimated at \$570,000.

Note 4. CAPITAL STOCK

On June 23, 1964, 500,000 Class A shares of no par value have been reserved for issuance upon the conversion of the 125,000 5½% Cumulative Redeemable Convertible Preferred Shares.

AUDITORS' REPORT

To the Directors,
Cygnus Corporation Limited.

We have examined the consolidated balance sheet and pro-forma consolidated balance sheet of Cygnus Corporation Limited and subsidiary company as at May 31, 1964 and have received all the information and explanations that we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet presents fairly the financial position of Cygnus Corporation Limited and subsidiary company as at May 31, 1964, in accordance with generally accepted accounting principles.

In our opinion also, the accompanying consolidated pro-forma balance sheet of Cygnus Corporation Limited and subsidiary company presents fairly the financial position of the companies as at May 31, 1964, after giving effect to the proposed transactions set out on the face of the consolidated balance sheet and pro-forma consolidated balance sheet.

Calgary, Alberta.
June 29, 1964.

(Sgd.) RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants.

STATUTORY INFORMATION

1. The full name of the Company is Cygnus Corporation Limited (hereinafter called the "Company") and the address of the head office of the Company is 304 Sixth Avenue S.W., Calgary, Alberta.

2. The Company was incorporated under the laws of Canada by letters patent dated March 26, 1964. Application has been made for supplementary letters patent setting forth the rights, restrictions, conditions and limitations attaching to the 5½% Preferred Shares offered hereby. This application has been recommended for approval by the Secretary of State and the said supplementary letters patent will bear date of June 29, 1964.

3. The Company intends to initiate, sponsor and promote, and to make investments in, enterprises which, in the opinion of the board of directors, are capable of substantial growth and development over a period of years. The Company has made a large investment in Home Oil Company Limited, owning approximately 38% of the Class B (voting) shares of that company. The Company owns all of the outstanding shares of Thio-Pet Chemicals Ltd., a company incorporated under the laws of Alberta, which will construct and operate a chemical plant in Alberta.

The Company may itself engage in financial, commercial, industrial, mining, trading and other operations and also, as the Directors consider appropriate, it may invest in existing companies, with or without participating in management, and acquire or cause to be incorporated companies engaged directly or indirectly in financial, commercial, industrial, mining, trading and other operations.

4. The names in full, present occupations, and home addresses in full of the officers and directors of the Company are as follows:

Officers

<u>Name</u>	<u>Office</u>	<u>Occupation</u>	<u>Address</u>
ROBERT ARTHUR BROWN, JR.	President and Chairman of the Board	Oil Executive.....	2211 - 7th St. S.W., Calgary, Alberta
ROBERT WILLIAM CAMPBELL.....	Executive Vice-President.....	Oil Executive.....	3819 - 10th St. S.W., Calgary, Alberta
IAN MONDELET DRUM.....	Vice-President, Engineering and Research.....	Chemical Engineer.....	R.R. 3, Calgary, Alberta
RONALD BORDEN COLEMAN.....	Secretary.....	Solicitor.....	2603 - 45th St. S.W., Calgary, Alberta
BARTLETT BIDWELL ROMBOUGH.....	Treasurer.....	Chartered Accountant.....	7515 - 7th St. S.W., Calgary, Alberta
FRASER GORDON MITCHELL.....	Assistant Secretary.....	Solicitor.....	1110 Levis Ave., Calgary, Alberta
GRAHAM WALLACE BENNETT.....	Assistant Treasurer.....	Chartered Accountant.....	1315 - 75th Ave. S.W., Calgary, Alberta

Directors

<u>Name</u>	<u>Occupation</u>	<u>Address</u>
ROBERT ARTHUR BROWN, JR.	Oil Executive.....	2211 - 7th St. S.W., Calgary, Alberta
ROBERT WILLIAM CAMPBELL.....	Oil Executive.....	3819 - 10th St. S.W., Calgary, Alberta
GEOFFREY ABBOTT GAHERTY.....	Civil Engineer.....	2800 Hill Park Rd., Montreal, Quebec
WILLIAM FLEMING JAMES.....	Geological Consultant.....	300 Vesta Drive, Toronto, Ontario
BENTON MACKID.....	Insurance Executive.....	2424 - 90th Ave. S.W., Calgary, Alberta
HARRY ISAAC PRICE.....	Executive.....	10 Benvenuto Place, Toronto, Ontario
JOHN ROSS TOLMIE.....	Solicitor.....	597 Mariposa, Rockcliffe, Ottawa, Ontario

5. The auditors of the Company are Messrs. Riddell, Stead, Graham & Hutchison, Chartered Accountants, Fifth Floor, 309 Eighth Avenue S.W., Calgary, Alberta.

6. (i) The transfer agent and registrar for the Class A shares and Class B shares each without nominal or par value in the capital of the Company is Crown Trust Company at its offices in the cities of Calgary, Vancouver, Winnipeg, Toronto and Montreal, Canada.

(ii) The transfer agent and registrar for the 5½% Cumulative Redeemable Convertible Preferred Shares offered hereby will be Crown Trust Company at its offices in the cities of Calgary, Vancouver, Toronto and Montreal, Canada.

7. The authorized share capital of the Company consists of 375,000 Preferred Shares of the par value of \$20 each, issuable in one or more series, 4,000,000 Class A shares without nominal or par value and 4,000,000 Class B shares without nominal or par value. 868,789 of the said Class A shares and 2,606,374 of the said Class B shares are issued and outstanding as fully paid and non-assessable. 125,000 of the said Preferred Shares are proposed to be issued as referred to in paragraph 16 hereof designated as "5½% Cumulative Redeemable Convertible Preferred Shares", being the first series of the said Preferred Shares.

8. The following is a description of the respective rights, restrictions, conditions and limitations attaching to each class of shares of the Company:

(i) Preferred Shares

The 375,000 Preferred Shares of the par value of \$20 each, issuable in one or more series, (which class is in this prospectus called "Preferred Shares") as a class carry and are subject to the following rights, restrictions, conditions and limitations:

(a) The directors of the Company may from time to time issue the Preferred Shares in one or more series. The directors shall (subject as hereinafter provided) from time to time fix before issuance the designation, rights, restrictions, conditions and limitations to attach to the Preferred Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions of redemption, voting rights and conversion rights (if any) and any sinking fund, share purchase plan or other provisions attaching to the Preferred Shares of such series, the whole subject to the issue of supplementary letters patent setting forth the designation, rights, restrictions, conditions and limitations attaching to the Preferred Shares of such series.

(b) When any fixed cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the said Preferred Shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

(c) The Preferred Shares shall be entitled to preference over the Class A shares and Class B shares of the Company and any other shares of the Company ranking junior to the Preferred Shares with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, to the extent fixed in the case of each respective series and may also be given such other preferences over the Class A shares and Class B shares of the Company and any other shares of the Company ranking junior to the Preferred Shares to the extent fixed in the case of each respective series.

(d) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company whether voluntary or involuntary.

(e) No class of shares may be created ranking as to capital or dividends prior to or on a parity with the Preferred Shares without the approval of the holders of the Preferred Shares given as hereinafter specified nor shall the authorized amount of the Preferred Shares be increased without such approval.

(f) The approval of holders of the Preferred Shares as to any and all matters referred to herein may be given by resolution passed or by by-law sanctioned at a meeting of holders of Preferred Shares duly called and held upon at least fourteen (14) days' notice at which the holders of at least a majority of the outstanding Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Preferred Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding Preferred Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and at least ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the Preferred Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares shall be entitled to one (1) vote in respect of each Preferred Share held.

(g) The foregoing provisions hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Preferred Shares given as hereinbefore specified in addition to any other approval required by the Companies Act.

(ii) **5½% Cumulative Redeemable Convertible Preferred Shares**

The first series of the Preferred Shares consists of 125,000 shares with a par value of \$20 each which are designated "5½% Cumulative Redeemable Convertible Preferred Shares" (sometimes in this prospectus referred to as the "5½% Preferred Shares") and which, in addition to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, carry and are subject to substantially the following rights, restrictions, conditions and limitations:

(a) The holders of the 5½% Preferred Shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the board of directors out of the monies of the Company properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of 5½% per annum payable quarterly on the first days of January, April, July and October in each year on the amounts from time to time paid up thereon. Such dividends shall accrue from such date or dates as may be determined by the board of directors or in case no date be so determined then from the date of allotment. Cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends. If on any dividend payment date the dividend payable on such date is not paid in full on all of the 5½% Preferred Shares then outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient monies properly applicable to the payment of the same. The holders of the 5½% Preferred Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

(b) In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the 5½% Preferred Shares shall be entitled to receive the full amount to which they would be entitled if such shares were redeemed pursuant to clause (d) hereof, before any amount shall be paid or any property or assets of the Company distributed to the holders of the Class A shares or Class B shares or any other shares ranking junior to the 5½% Preferred Shares. After payment to the holders of the 5½% Preferred Shares of the amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(c) Subject to the provisions of Section 61 of the Companies Act and of clause (f) hereof, the Company may purchase (if obtainable) for cancellation, in the market or by invitation for tenders addressed to all the holders of record of the 5½% Preferred Shares outstanding, at any time the whole or from time to time any part of the 5½% Preferred Shares then outstanding at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which such shares are redeemable as provided in clause (d) hereof (including unpaid preferential dividends as provided in the said clause (d)) plus reasonable costs of purchase.

If upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of 5½% Preferred Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the 5½% Preferred Shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of 5½% Preferred Shares so tendered by each of the holders of 5½% Preferred Shares who submitted tenders at the said same lowest price.

(d) Subject to the provisions of Section 61 of the Companies Act and of clause (f) hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the 5½% Preferred Shares then outstanding on payment for each share to be redeemed of the amount paid up on such share together with a premium of five percent (5%) of such amount and together with all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if the dividends on the 5½% Preferred Shares so to be redeemed were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of such redemption). If part only of the outstanding 5½% Preferred Shares are to be redeemed, then the part to be redeemed shall be chosen by lot or pro rata (disregarding fractions) as may be determined by the board of directors.

(e) In any case of redemption of the 5½% Preferred Shares under clause (d) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of the 5½% Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such 5½% Preferred Shares. Such notice shall be mailed in a prepaid letter addressed to each such holder at his address as it appears on the books of the Company or, if the address of any such holder does not so appear, then to the last known address of such holder; provided, however, that accidental failure to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom such notice is addressed is to be redeemed the amount thereof so to be redeemed. On or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the 5½% Preferred Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the 5½% Preferred Shares so called for redemption. Payment shall be made by cheque payable at par at any branch of the Company's bankers for the time being in Canada (far northern branches excepted). If a part only of the 5½% Preferred Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company. From and after the date specified for redemption in any such notice the 5½% Preferred Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall be restored. The Company shall have the right at any time after the mailing of notice of its intention to redeem any 5½% Preferred Shares as aforesaid to deposit the redemption price of the 5½% Preferred Shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such 5½% Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the 5½% Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

(f) No dividends shall at any time be declared or paid on or set apart for payment on any Class A shares or Class B shares or any other shares of the Company ranking junior to the 5½% Preferred Shares nor shall the Company call for redemption or purchase less than the total amount of the 5½% Preferred Shares then outstanding unless all dividends up to and including the dividend payable on the last preceding dividend payment date on all the 5½% Preferred Shares then outstanding shall have been declared and paid or set apart for payment.

(g) The Company shall, commencing in 1965 and in each year thereafter, apply (subject to the provisions of clause (f) hereof) to the retirement of 5½% Preferred Shares by purchase for cancellation an amount equal to two and one-half percent (2½%) of the aggregate par value of the 5½% Preferred Shares originally issued; provided that no such application shall be required to be made in any year except to the extent that 5½% Preferred Shares are available for purchase by the Company in such year at a price not exceeding an amount equal to the amount paid up thereon, plus reasonable costs of purchase. Any amount not so applied in any year by reason of the foregoing proviso or by reason of the provisions of clause (f) hereof shall not be required to be so applied in any succeeding year. Notwithstanding anything herein contained the Company shall not be obligated to purchase any 5½% Preferred Shares hereunder if and so long as such purchase would be contrary to any applicable law.

(h) (1) The holders of the 5½% Preferred Shares shall have the right at any time up to the close of business on December 29, 1972 (subject as hereinafter provided) to convert fully paid 5½% Preferred Shares into Class A shares without nominal or par value in the capital of the Company on the basis of four (4) Class A shares for each 5½% Preferred Share converted.

(2) The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent of the Company for the 5½% Preferred Shares at its principal office in any of the cities of Calgary, Vancouver, Toronto and Montreal, Canada, or to such other transfer agent at such other cities as the Company may from time to time appoint, accompanied by the certificate or certificates representing the 5½% Preferred Shares to be converted. Such notice shall be signed by such holder or his agent and shall specify the number of the 5½% Preferred Shares to be converted. If less than all the 5½% Preferred Shares represented by any certificate or certificates accompanying any such notice are to be converted,

- the holder shall be entitled to receive, at the expense of the Company, a new certificate representing the 5½% Preferred Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.
- (3) Subject to the provisions of sub-clause (7) hereof, upon the conversion of any 5½% Preferred Shares there shall be no payment or adjustment by the Company or by any holder of the 5½% Preferred Shares on account of any dividends either on the 5½% Preferred Shares so converted or on the shares issued upon such conversion.
- (4) In the case of any 5½% Preferred Shares which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the third day (exclusive of Saturdays, Sundays and statutory holidays) prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such 5½% Preferred Shares in accordance with the notice of redemption the right of conversion shall thereupon be restored.
- (5) On any conversion of 5½% Preferred Shares the share certificates for the shares issued upon such conversion shall be issued in the name of the registered holder of the 5½% Preferred Shares converted or in such name or names as such registered holder may direct in writing. Such registered holder shall pay any applicable security transfer taxes.
- (6) Subject as hereinafter provided in this sub-clause (6), the right of a holder of 5½% Preferred Shares to convert the same hereunder shall be deemed to have been exercised, and the registered holders of the 5½% Preferred Shares to be converted (or any person in whose name any such registered holder of 5½% Preferred Shares shall have directed certificates representing shares to be issued as provided in sub-clause (5) hereof) shall be deemed to have become holders of record of the shares to be issued upon such conversion for all purposes, on the respective dates of surrender of certificates representing the 5½% Preferred Shares to be converted accompanied by notice in writing as provided in sub-clause (2) hereof, notwithstanding any delay in the delivery of certificates representing the shares into which such 5½% Preferred Shares have been converted; but should any certificates representing 5½% Preferred Shares be duly surrendered for conversion during a period when the registers of transfers of the shares into which such 5½% Preferred Shares to be converted are properly closed, the registered holders thereof (or other person as aforesaid) shall be deemed to become holders of such shares of record immediately upon the re-opening of such registers of transfers.
- (7) (A) In the event of any consolidation, subdivision or change of the Class A shares of the Company at any time on or before December 29, 1972 into a different number or a different class or classes of shares, the holder of any 5½% Preferred Shares exercising the conversion right attaching thereto at any time after such consolidation, subdivision or change shall be entitled to such different number or different class or classes of shares as would have resulted from such consolidation, subdivision or change if the right of conversion had been exercised prior to the date of such consolidation, subdivision or change.
- (B) If the holder of any 5½% Preferred Shares shall exercise the conversion right attaching thereto at any time after the payment by the Company of any dividend on the Class A shares payable in shares in the capital of the Company, such holder shall be entitled to, in addition to the number of Class A shares which he would have been entitled to on the exercise of such right of conversion of such 5½% Preferred Shares if such dividend had not been paid, such additional number of shares as would have been payable on the Class A shares which would have resulted from the exercise of such right of conversion if they had been outstanding on the record date for the payment of such dividend.
- (C) If any question shall at any time arise with respect to adjustments of the conversion privilege, such question shall be conclusively determined by the auditors of the Company and any such determination shall be binding upon the Company and all transfer agents and all shareholders of the Company.
- (D) If the Company proposes to issue subscription warrants or other rights, generally to the holders of shares into which the 5½% Preferred Shares may be converted, to purchase shares in the capital stock of the Company at any time on or before December 29, 1972, the Company shall so notify each registered holder of the 5½% Preferred Shares by written notice given (in the manner provided in clause (e) hereof for the giving of notice on redemption) at least ten (10) days prior to the date fixed by the Company as the record date in connection with the issue of such subscription warrants or other rights.
- (8) The Company shall not issue fractional shares upon any conversion but in lieu thereof the Company shall issue bearer non-voting and non-dividend bearing fractional certificates in a form approved by the board of directors.
- (9) All shares resulting from any conversion of 5½% Preferred Shares (including whole shares resulting from the consolidation by the Company of fractions of shares which result from conversions) shall be deemed to be fully paid and non-assessable.
- (10) Nothing herein contained shall affect or restrict the right of the Company to increase the number of its Class A shares or Class B shares in accordance with the provisions of the Companies Act and to issue such shares from time to time.
- (i) So long as any 5½% Preferred Shares are outstanding, the Company shall not without, but may from time to time with, the authorization of the holders of the 5½% Preferred Shares given as specified in clause (m) hereof:
- (1) increase the authorized amount of its Preferred Shares above the 375,000 Preferred Shares now authorized or create or issue any class of shares ranking prior to or on a parity with the Preferred Shares; or
- (2) issue any Preferred Shares in addition to the 5½% Preferred Shares (hereinafter in this sub-clause (2) called "additional shares") unless the Consolidated Net Tangible Assets, as herein defined, determined as of a date not more than one hundred and twenty (120) days prior to the date of such issue shall have been not less than two and one-half (2½) times the par value of all Preferred Shares to be outstanding immediately after such issue; provided

that any Preferred Shares outstanding at the time of any issue of additional shares as aforesaid which are to be redeemed within sixty (60) days following such time shall be deemed not to be outstanding immediately after such issue of additional shares if such outstanding Preferred Shares shall have been duly called for redemption as of a date within such period of sixty (60) days and if adequate provision has been made assuring that such shares will be redeemed on the date so specified for redemption; or

(3) either:

(i) reduce, acquire or otherwise pay off any Class A shares or Class B shares or any other shares ranking junior to the 5½% Preferred Shares (except out of the proceeds of an issue of shares ranking junior to the 5½% Preferred Shares made prior to or contemporaneously with any such reduction, acquisition or other payment), or

(ii) declare, pay or set apart any dividend on the Class A or Class B shares or any other shares of the Company ranking junior to the 5½% Preferred Shares (other than dividends to the extent of ten cents (10¢) per share per annum on any Class A shares from time to time outstanding, whether now or hereafter authorized, or dividends payable in shares of the Company), or

(iii) elect to pay any tax on its undistributed income pursuant to Section 105 of the Income Tax Act (Canada) or any section substituted therefor,

if, after giving effect thereto, the Consolidated Net Tangible Assets, as herein defined (determined as at a date not more than ninety (90) days prior to the date of such proposed action), would be less than two and one-half (2½) times the par value of all Preferred Shares then outstanding;

provided that nothing in this clause (i) shall apply to, hinder or prevent any of the action referred to in this clause (i) if all the outstanding 5½% Preferred Shares shall have been duly called for redemption within sixty (60) days after the occurrence of any such action and if adequate provision has been made assuring that such shares will be redeemed on the date specified for redemption thereof.

(j) The holders of the 5½% Preferred Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the 5½% Preferred Shares on the dates on which the same should be paid according to the terms thereof and until eight (8) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends. Thereafter but only so long as any dividends on the 5½% Preferred Shares remain in arrears the holders of 5½% Preferred Shares shall be entitled to receive notice of and to attend all meetings of holders of Class B shares of the Company and shall be entitled to one (1) vote in respect of each 5½% Preferred Share held and, in addition, the holders of the 5½% Preferred Shares shall be entitled, together with the holders of any other Preferred Shares then having the right to vote (the 5½% Preferred Shares and such other Preferred Shares being voted as a class), to elect two (2) members of the board of directors of the Company. Nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors.

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Preferred Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than fourteen (14) days' written notice and which shall be called by the Secretary of the Company upon the written request of the holders of record of at least ten percent (10%) of the outstanding Preferred Shares. In default of the calling of such general meeting by the Secretary within five (5) days after the making of such request, such meeting may be called by any holder of record of Preferred Shares.

Any vacancy or vacancies occurring among members of the board elected to represent the holders of Preferred Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director elected to represent the holders of Preferred Shares and if there be no such remaining director the board may elect or appoint sufficient holders of Preferred Shares to fill the vacancy or vacancies. Whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least ten percent (10%) of the outstanding Preferred Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of Preferred Shares for the purpose of filling the vacancy or vacancies or replacing all or any of the persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting.

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the voting rights of the holders of the Preferred Shares, the term of office of the directors elected or appointed to represent the holders of Preferred Shares shall forthwith terminate and (ii) the holding of one Preferred Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preferred Shares.

(k) The provisions contained in clauses (a) to (m) hereof inclusive may be deleted, varied, modified, amended or amplified by supplementary letters patent but only with the authorization of the holders of the 5½% Preferred Shares given as specified in clause (m) hereof in addition to any vote or authorization required by the Companies Act.

(l) In these provisions:

(1) "Consolidated Net Tangible Assets" means all assets of the Company and its subsidiaries (except goodwill) less all liabilities of the Company and its subsidiaries (other than contingent liabilities, except to the extent the auditors of the Company determine that provision should be made therefor, and liabilities to capital stock, surplus and reserves to the extent not required to be treated as liabilities in accordance with generally accepted accounting principles).

In determining the value of assets:

(A) The value of investments is to be determined at their quoted market value and if there is no quoted market value at their fair value as determined by the board of directors with the approval of the auditors of the Company;

(B) The value of current assets is to be determined in accordance with generally accepted accounting principles by the auditors of the Company; and

(C) The value of all other assets shall be as shown in the last audited consolidated balance sheet of the Company and its subsidiaries less accumulated depreciation to the date of such balance sheet, plus other similar assets subsequently acquired by the Company or a subsidiary, at cost, all less depreciation from the date of such balance sheet or the dates of such acquisitions as the case may be, or, at the option of the Company, the values of any or all of such assets may be determined by an independent appraisal less depreciation from the date of such appraisal. The independent appraisals provided for in this paragraph shall be made by an appraiser satisfactory to the auditors of the Company.

In determining Consolidated Net Tangible Assets for the purposes of subclause (2) of clause (i) hereof, there shall be included as assets the estimated net assets to be acquired by any issue of Preferred Shares, or other shares or securities of the Company ranking junior to the Preferred Shares, issued or to be issued after the date of such determination and prior to or concurrently with the issue of the additional shares with respect to which such determination is being made.

Subject to the foregoing provisions hereof Consolidated Net Tangible Assets shall be determined by the auditors of the Company in accordance with generally accepted accounting principles, whose determination shall be conclusive and binding on the Company and the holders of shares of every class.

(2) "subsidiary" means any corporation or company of which more than 50% of the outstanding voting shares are for the time being owned by the Company and/or any subsidiary of the Company and includes any corporation or company in like relation to a subsidiary. "voting shares" as used in this definition mean shares of any class carrying voting rights but shall not include any shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened.

(m) Any authorization required to be given by the holders of the 5½% Preferred Shares hereunder shall be deemed to have been sufficiently given if given by a resolution passed at a meeting of the holders of the 5½% Preferred Shares duly called and held upon at least fourteen (14) days' notice at which the holders of at least a majority of the outstanding 5½% Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds (⅔) of the 5½% Preferred Shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of a majority of the outstanding 5½% Preferred Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than at least fifteen (15) days later and to such time and place as may be appointed by the Chairman and at least ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of 5½% Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds (⅔) of the 5½% Preferred Shares represented and voted at such adjourned meeting cast on a poll shall constitute the authorization of the holders of the 5½% Preferred Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of 5½% Preferred Shares shall be entitled to one (1) vote in respect of each 5½% Preferred Share held.

(iii) Class A Shares and Class B Shares

The 4,000,000 Class A shares without nominal or par value (which class is in this prospectus called "Class A shares") and the 4,000,000 Class B shares without nominal or par value (which class is in this prospectus called "Class B shares") shall carry and be subject to the following rights, restrictions, conditions and limitations:

(a) The rights of the holders of the Class A shares and the Class B shares respectively shall be subject to the prior rights and preferences attaching to the Preferred Shares.

(b) Subject as aforesaid, the holders of the Class A shares shall be entitled to receive out of the moneys of the Company properly applicable to the payment of dividends, if, as and when declared by the board of directors, fixed cumulative preferential dividends at the rate of ten cents (10¢) per share per annum payable annually on the first (1st) day of July in each year and no dividend shall at any time be declared or paid or set aside for payment upon the Class B shares until all cumulative preferential dividends on the Class A shares up to and including the dividend payable during the current calendar year shall have been declared and paid or set aside for payment.

(c) No dividends shall be paid on either the Class A shares or the Class B shares prior to the first (1st) day of July, one thousand nine hundred and sixty-five (1965). Dividends on the Class A shares outstanding on the first (1st) day of January, one thousand nine hundred and sixty-five (1965), shall commence on and shall be cumulative from the first (1st) day of July, one thousand nine hundred and sixty-five (1965). Dividends on the Class A shares issued after the first (1st) day of January, one thousand nine hundred and sixty-five (1965), shall commence on and shall be cumulative from such date or dates as, in the case of each issue, may be determined by the board of directors or in case no such date be determined then on and from the first (1st) day of July after the date of allotment.

(d) After all cumulative preferential dividends on the Class A shares up to and including the dividend payable during the current calendar year shall have been declared and paid or set aside for payment, the holders of the Class B shares shall be entitled before any further dividends are declared and paid or set apart for payment during such current calendar year on the Class A shares to receive out of the moneys of the Company properly applicable to the payment of dividends, if, as and when declared by the board of directors, a dividend for such current calendar year in such amount not exceeding ten cents (10¢) per share as the directors may determine, but such dividends on the Class B shares shall be non-cumulative, whether earned or not, and if in any calendar year the board of directors in its discretion shall not declare a dividend or shall not declare a dividend in the full amount of ten cents (10¢) per share on the Class B shares, then the right of the holders of the Class B shares to such dividend or to any greater dividend than the dividend actually declared for such calendar year shall be forever extinguished.

(e) Whenever in any calendar year dividends aggregating ten cents (10¢) per share shall have been declared and paid or set apart for payment on all the Class A shares at the time outstanding and dividends aggregating ten cents (10¢) per share have been declared and paid or set apart for payment on all of the Class B shares at the time outstanding in accordance with the provisions of the preceding paragraphs hereof, any and all further dividends in such calendar year shall be declared and paid or set apart for payment in equal amounts per share on all the Class A shares and all the Class B shares at the time outstanding, share and share alike, without preference or priority of one share over another. For the purpose of this paragraph whenever the dividends declared and paid or set apart for payment in a calendar year on the Class A and Class B shares outstanding on the first (1st) day of such calendar year shall aggregate ten cents (10¢) per share then such amount shall be deemed to have been declared and paid or set apart for payment with respect to all outstanding Class A and Class B shares, even though less than such amount may actually have been so declared and paid or set apart with respect to part of such outstanding shares due to the issuance thereof subsequent to the beginning of such calendar year.

(f) In the event of the liquidation, dissolution or winding up of the Company or other distribution of its assets among the shareholders (other than by way of dividend out of moneys of the Company properly applicable to payment of dividends) the holders of Class A shares, subject to the rights of the holders of the Preferred Shares, shall first be entitled to receive an amount equal to any unpaid cumulative preferential dividends thereon, whether declared or not, and thereafter the holders of Class A shares and the holders of Class B shares shall be entitled to share equally share for share in all distributions of the assets of the Company.

(g) The holders of the Class A shares shall not be entitled (except as herein specifically provided or as required by the Companies Act) to receive notice of or to attend any meetings of the shareholders of the Company and shall not be entitled to vote at any such meetings unless and until the Company shall be in default in the payment of at least in the aggregate two (2) annual dividends (whether or not consecutive) on the Class A shares as hereinbefore provided, whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of the dividends. Thereafter, so long as any dividends on the Class A shares shall remain in arrears, the holders of the Class A shares shall be entitled to receive notice of all meetings of shareholders (other than preferred shareholders) of the Company and shall be entitled to attend and vote thereat. When all arrears of dividends on all outstanding Class A shares shall have been paid, the right of the holders of the Class A shares to receive notice of such meetings and to attend and vote thereat in respect of such Class A shares shall cease unless and until two (2) annual dividends on the Class A shares shall again be in arrears and unpaid, whereupon the holders of the Class A shares shall again have the right to receive notice and to vote as above provided and so on from time to time. The divesting of such special voting power at any time shall not in any manner affect the authority of the board of directors of the Company to act for its term of office. Subject to the provisions of the Companies Act, the Company, without the approval of the Class A shareholders, may create other shares with prior rights to the Class A shares and may increase or reduce the number of such other shares or alter any or all of the rights, restrictions, conditions or limitations attaching to or affecting such other shares.

(h) The approval of the holders of the Class A shares as to any and all matters referred to herein may be given by resolution passed or by-law sanctioned at a meeting of the holders of the Class A shares duly called and held upon at least fourteen (14) days' notice at which the holders of at least twenty-five per cent (25%) of the outstanding Class A shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of twenty-five per cent (25%) of the outstanding Class A shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman of the meeting and at least ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of the Class A shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of the Class A shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting every holder of Class A shares shall be entitled to one (1) vote in respect of each Class A share held.

(i) The foregoing provisions hereof may be repealed, altered, modified, amended or amplified by supplementary letters patent but only with the approval of the holders of the Class A shares given in the manner hereinbefore specified in addition to any approval required by the Companies Act.

(j) Except as expressly provided in the letters patent or supplementary letters patent (if any) of the Company, or as otherwise provided by law, the holders of the Class B shares shall have sole and exclusive voting rights for all purposes.

9. No bonds or debentures are outstanding or proposed to be issued nor are there any other securities issued or proposed to be issued, which if issued will rank ahead of or pari passu with the 5½% Preferred Shares offered by this prospectus.

10. No substantial indebtedness is proposed to be created or assumed by the Company which is not shown in the pro forma consolidated balance sheet as of May 31, 1964 of the Company and subsidiary company forming part of this prospectus.

11. No securities of the Company are covered by options outstanding or proposed to be given by the Company. Reference, however, is made to the underwriting agreement referred to in paragraph 16 hereof.

12. The number of securities offered by this prospectus and their correct descriptive title and the issue price to the public and the terms thereof are as stated on the face page of this prospectus to which reference is hereby made.

Pursuant to an agreement dated April 9, 1964 the Company issued 868,789 of its Class A shares and 2,606,367 of its Class B shares to United Oils, Limited as fully paid and non-assessable, in consideration for 900,000 fully paid and non-assessable Class B shares of Home Oil Company Limited. The board of directors of the Company determined that the consideration to be credited to the capital stock accounts of the Company in respect of the said issue of the Class A shares and Class B shares of the Company was \$3,247,852 in respect of the 868,789 Class A shares and \$9,743,558 in respect of the 2,606,367 Class B shares.

A further 7 Class B shares of the Company have been issued as fully paid and non-assessable to the first directors of the Company for a total cash consideration of \$7.

No commission has been paid or is payable in respect of any of the above mentioned issues of Class A shares or Class B shares of the Company.

13. The estimated net proceeds to be derived by the Company from the issue and sale of the 5½% Preferred Shares offered hereby on the basis of the same being fully taken up and paid for are \$2,375,000 less legal, auditing and other expenses in connection with the issue, which expenses are estimated at \$20,000.

14. The net proceeds to be derived by the Company from the sale of the 125,000 5½% Preferred Shares offered hereby will be applied as to approximately \$570,000 to investment in Thio-Pet Chemicals Ltd. (a wholly owned subsidiary of the Company) and as to approximately \$50,000 to payment of incorporation and other non-recurring expenses, part of which have been temporarily financed by bank loans. The balance will be retained by the Company for investment in enterprises approved by the board of directors. The amount invested in Thio-Pet Chemicals Ltd. will be used for the construction of the chemical plant described on page 4 of this prospectus.

15. No minimum amount in the opinion of the directors must be raised by the issue of the 125,000 5½% Preferred Shares offered hereby to provide the sums required or the balance of the sums required to pay the purchase price of any property, to pay preliminary expenses, to pay commissions payable by the Company in respect of subscriptions for shares in the Company, to repay moneys borrowed by the Company in respect of the foregoing matters or to repay bank loans. Reference is made, however, to paragraphs 14 and 16 hereof.

16. By an agreement dated June 18, 1964 made between the Company and Royal Securities Corporation Limited and James Richardson & Sons, as underwriters, the Company has agreed to sell and Royal Securities Corporation Limited and James Richardson & Sons have agreed to purchase on their own behalf the 125,000 5½% Preferred Shares, on the terms and conditions set out in the said agreement, at \$20 per share flat payable in cash against delivery of certificates representing the said shares. By the said agreement the Company has agreed to pay Royal Securities Corporation Limited and James Richardson & Sons in consideration for their subscribing for the said 125,000 5½% Preferred Shares a commission of \$1 per share.

17. The by-laws of the Company contain the following provisions with respect to the remuneration of directors:

"Subject to any agreement to the contrary, the remuneration to be paid to the directors shall be such remuneration as the board shall from time to time determine. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in going to, attending and returning from board, committee and shareholders' meetings and any other expenses properly incurred by them in connection with the affairs of the Company or to receive a fixed allowance in respect thereof as may be determined by the board from time to time. The directors may by resolution award special remuneration to any director or officer of the Company undertaking any special work or service for the Company other than routine work ordinarily required of such director or officer of the Company. Any remuneration payable to a director who is also an officer or employee of the Company, or who is counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his salary as such officer or to his professional fees as the case may be. No confirmation by the shareholders of any such remuneration shall be required."

18. The first financial year of the Company has not been completed. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to directors of the Company as such is \$7,000. No officer of the Company as such will be entitled to receive remuneration during the current financial year in excess of \$10,000 per annum.

19. No amount has been paid within the two years preceding the date hereof or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company other than the commission referred to in paragraph 16 hereof.

20. The estimated amount of the preliminary expenses of the Company is \$50,000.

21. No property has been purchased or acquired by the Company, or is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of this issue or has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date of this prospectus, except the 900,000 fully paid and non-assessable Class B shares of Home Oil Company Limited referred to in paragraph 12 hereof and except as stated in paragraph 14 hereof.

22. The vendor of the 900,000 fully paid and non-assessable Class B shares of Home Oil Company Limited referred to in paragraph 21 hereof was United Oils, Limited, 304 Sixth Avenue S.W., Calgary, Alberta. The consideration paid by the Company for such purchase is set out in paragraph 12 hereof. No amount for goodwill was paid or is payable in cash or securities of the Company for such purchase.

23. No securities have been issued within the two years preceding the date hereof or have been agreed to be issued as fully or partly paid up otherwise than in cash other than the 868,789 Class A shares and 2,606,367 Class B shares of the Company issued to United Oils, Limited referred to in paragraph 12 hereof.

24. No bonds, debentures or other obligations are being offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for wholly or partly out of the proceeds of the issue of the 5½% Preferred Shares offered hereby other than legal, auditing and other services in connection with the organization of the Company and the issue of the 5½% Preferred Shares and other than services to be rendered in connection with the investments referred to in paragraph 14 hereof, and no services have been within the two years preceding the date hereof or are now proposed to be paid for by securities of the Company.

26. No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

27. The dates of and parties to and the general nature of every material contract entered into by the Company within the two years preceding the date hereof (other than contracts entered into in the ordinary course of business) are as follows:

(i) the agreement dated April 9, 1964 made between the Company and United Oils, Limited referred to in paragraph 12 hereof relating to the acquisition of 900,000 fully paid and non-assessable Class B shares of Home Oil Company Limited; and

(ii) the Underwriting Agreement dated June 18, 1964 made between the Company and Royal Securities Corporation Limited and James Richardson & Sons referred to in paragraph 16 hereof relating to the issue and sale of the 5½% Preferred Shares hereby offered.

Copies of the foregoing documents may be inspected at the head office of the Company, 304 Sixth Avenue S.W., Calgary, Alberta, during ordinary business hours during the period of primary distribution to the public of the 5½% Preferred Shares.

28. Except as hereinafter set out in this paragraph no director had any interest in the promotion of the Company, nor had any interest in any property acquired by the Company. The Company was incorporated as a wholly-owned subsidiary of United Oils, Limited. Pursuant to the agreement referred to in paragraph 12 hereof the Company acquired 900,000 fully paid and non-assessable Class B shares of Home Oil Company Limited and in consideration therefor issued to United Oils, Limited 868,789 Class A shares and 2,606,367 Class B shares of the Company. The said Class A and Class B shares of the Company are being distributed by United Oils, Limited to its shareholders by way of a reduction of capital. At the date of such agreement, R. A. Brown, Jr., R. W. Campbell, B. Mackid and W. F. James, all presently directors of the Company, were directors of United Oils, Limited, and the present directors of the Company owned the following shares of United Oils, Limited:

R. A. Brown, Jr.....	2,603,679 shares
R. W. Campbell.....	0 shares
G. A. Gaherty.....	0 shares
W. F. James.....	1,215 shares
B. Mackid.....	16,300 shares
H. I. Price.....	3,600 shares
J. R. Tolmie.....	59,001 shares

No director has any interest in any property proposed to be acquired by the Company.

29. The business of the Company has been carried on since March 26, 1964 and the business of Thio-Pet Chemicals Ltd. has been carried on since March 24, 1964. The Company does not, at the present time, have intentions of acquiring any other company that has been carrying on business for less than three years, but, should suitable investment opportunities arise, the Company may acquire a company or companies that have been carrying on business for less than three years. Reference is hereby made to paragraph 3 hereof.

30. R. A. Brown, Jr., by reason of his beneficial ownership of shares of the Company, is in a position to elect or cause to be elected all the directors of the Company.

31. No securities of the Company are, to the knowledge of the signatories hereto, held in escrow.

32. The Company has not paid any dividends.

33. No amount of the consideration received by the Company for the issue of shares without nominal or par value has been set aside as distributable surplus.

34. There are no other material facts not disclosed in the foregoing.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), Section 39 of The Securities Act, 1954 (Saskatchewan), Section 13 of The Security Frauds Prevention Act (New Brunswick), Part IX of The Securities Act, 1955 (Alberta), The Securities Act of the Province of British Columbia, and under The Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated the 30th day of June, 1964.

Directors

(Sgd.) B. MACKID

GEOFFREY ABBOTT GAHERTY
by his agent authorized in writing
(Sgd.) Robert W. Campbell

(Sgd.) ROBERT W. CAMPBELL

WILLIAM FLEMING JAMES
by his agent authorized in writing
(Sgd.) Robert W. Campbell

(Sgd.) R. A. BROWN, JR.

HARRY ISAAC PRICE
by his agent authorized in writing
(Sgd.) Robert W. Campbell

JOHN ROSS TOLMIE
by his agent authorized in writing
(Sgd.) Robert W. Campbell

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), Section 39 of The Securities Act, 1954 (Saskatchewan), Section 13 of the Security Frauds Prevention Act (New Brunswick), Part IX of The Securities Act, 1955 (Alberta), The Securities Act of the Province of British Columbia, and under The Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITERS

ROYAL SECURITIES CORPORATION LIMITED

by: (Sgd.) G. C. STEWART

JAMES RICHARDSON & SONS

By: (Sgd.) L. L. BELL

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

Royal Securities Corporation Limited: A. S. Gordon, J. R. Hughes, F. L. Glasgow, Ivan A. Martin, G. C. Stewart, G. W. W. Ross and Harold Braff.

James Richardson & Sons: James A. Richardson, George T. Richardson.

